

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of California-American
Water Company (U210W) for
Authorization to Modify Conservation
and Rationing Rules, Rate Design, and
Other Related Issues for the Monterey
District.

Application 15-07-019
(Filed July 14, 2015)

**PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES TO THE
APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY**

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), the Office of Ratepayer Advocates ("ORA"), hereby protests California-American Water Company's ("Cal-Am's") Application ("A") 15-07-019 for authorization to modify Cal-Am's Conservation and Rationing Plan for its Monterey District, also referred to as Monterey District Rule 14.1.1. In addition, the Application seeks approval to modify the Monterey District's rate design and proposes "other related mechanisms, including an annual true-up mechanism and adjustments to the Water Revenue Adjustment Mechanism ("WRAM") and Modified Cost Balancing Account ("MCBA")." Cal-Am filed its application on July 14, 2015; A.15-07-019 appeared on the Commission's Daily Calendar on July 16, 2015. This Protest is timely filed pursuant to Rule 1.15 and Rule 2.6(a).

II. ISSUES

ORA is conducting the necessary discovery, investigation, and review to address issues raised in the application, and to determine whether Cal-Am's requests are just and reasonable, appropriate, and in the public interest.

This Protest provides a non-exhaustive identification of issues ORA will examine. As discovery proceeds, other issues may arise.

A. General Issues

The following will be reviewed to determine whether they are reasonable and justified:

1. Cal-Am's proposed modifications to its WRAM/MCBA, including:
 - a) establishment of a single, 20-year fixed meter charge ratio-based surcharge on all units of water on all customer class water bills, to recover remaining historical WRAM/MCBA balance as of the date of the final decision in this proceeding;
 - b) amortization of remaining WRAM/MCBA historic balances over the 20-year period at the currently authorized cost of capital, 8.41 percent, rather than the currently authorized 90-day, non-financial commercial paper rate.
2. Cal-Am's proposed modifications to its rate design, including:
 - a) the elimination of all outdoor watering allotments from the rate design, on an expedited basis;
 - b) an overall shift from allocation-based rate design to a standardized inclining block rate design, based on actual 2014 consumption and consumption-by-tier;
 - c) a compression of the tiered rate differentials for residential rates, reducing the spread between rates paid for lower and higher-tiered consumption;
 - d) differentiation between multi-unit residential rates and single-unit residential rates, with decreased block widths and base rates for multi-unit residential rates;

- e) an increase in the percentage of residential fixed costs recovered in residential service charges, from 15 percent to 30 percent;
 - f) modifications to the meter charge ratios;
 - g) modification to the Low Income Credit Program to reflect other proposed rate design changes and to insure that proposed rate design changes do not disproportionately affect low income customers;
 - h) the implementation of an annual consumption true-up pilot program for both residential and non-residential customer classes.
3. Cal-Am's proposed modifications to its Monterey District Rule 14.1.1, including:
- a) a decrease in the number of conservation and rationing stages from seven to four;
 - b) the designation of **two** levels of conservation rates within Stage 3, which can be progressively implemented with 30 days' notice to customers;
 - c) certain additional modifications made to reflect the proposed changes in rate design from an allocation-based system to a standard inclining-block rate design.

III. NEED FOR HEARINGS

The schedule proposed in Cal-Am's application provides for an expedited review of the request for the elimination of outdoor watering allotments. While ORA agrees that this issue may be addressed on an expedited basis, ORA believes that the schedule for this issue should provide for evidentiary hearings because Cal-Am's showing and ORA's analyses are necessarily fact-intensive, and thus will likely result in a number of factual disputes.

While the prospect exists that this proceeding may be resolved through settlement, evidentiary hearings will likely be necessary to resolve some issues. Therefore, a prehearing conference should be held to establish a schedule for this proceeding. Further,

Cal-Am’s customers—who will be impacted by the outcome of this proceeding—should have an opportunity to express any particular concerns or other contributions they may have regarding this proceeding. Therefore, Public Participation Hearings in the Monterey District should be scheduled.

IV. SCHEDULE

ORA’s proposed schedule deviates from Cal-Am’s proposed schedule, reflecting that the application was filed with the Commission on July 14, 2015 and docketed with formal public notice on July 16, 2015. The first schedule provides an expedited schedule to address the elimination of outdoor watering allotments and includes evidentiary hearings. The second schedule is for all other remaining issues.

Table 1: Proposed Schedule (With Evidentiary Hearings) for Expedited Rate Design Change to Eliminate Outdoor Watering Allotments

<u>Proposed Rate Case Plan Schedule</u>	<u>ORA</u>	<u>Cal-Am</u>
Application Filed/Testimony Served	7/8/2015	7/8/2015
Docketing and Formal Public Notice	7/16/2015	7/15/2015
Comments/Protests on Application	8/17/2015	8/12/2015
Prehearing Conference	09/8/2015	9/7/2015
ORA Testimony	10/26/2015	10/26/2015
Rebuttal Testimony	11/16/2015	11/16/2015
Evidentiary Hearings	12/1/2015 - 12/4/2015	N/A
Opening Brief	1/4/2016	12/3/2015
Reply Briefs	1/18/2016	12/17/2015
ALJ’s Proposed Decision	3/16/2016	3/16/2016
Comments on Proposed Decision	4/5/2016	4/5/2016
Reply Comments	4/10/2016	4/10/2016
Commission Agenda	April 2016	April 2016

Table 2: Proposed Schedule for all Other Remaining Issues (With Evidentiary Hearings)

<u>Proposed Rate Case Plan Schedule</u>	<u>ORA</u>	<u>Cal-Am</u>
Application Filed/Testimony Served	7/8/2015	7/8/2015
Docketing and Formal Public Notice	7/16/2015	7/15/2015
Comments/Protests on Application	8/17/2015	8/12/2015
Prehearing Conference	09/8/2015	9/7/2015
Public Workshop(s)	9/15/2015- 10/15/2015	9/8/2015- 10/6/2015
ORA Testimony	02/15/2016	02/3/2016
Rebuttal Testimony	03/14/2016	3/2/2016
ADR Processes or Settlement Begins	03/21/2016- 3/31/2016	3/7/2016- 3/17/2016
Evidentiary Hearings	4/11/2016- 4/15/2016	3/21/2016- 3/24/2016
Opening Brief	5/16/2016	4/21/2016
Reply Briefs	6/15/2016	5/19/2016
ALJ's Proposed Decision	9/14/2016	8/17/2016
Comments on Proposed Decision	9/28/2016	9/6/2016
Reply Comments	10/3/2016	9/11/2016
Commission Agenda	October 2016	September 2016

V. CATEGORIZATION

ORA agrees with Cal-Am that this proceeding should be categorized as a ratesetting.

VI. CONCLUSION

The Commission should adopt ORA's identified general issues as part of the scoping memo in this proceeding. The Commission should also adopt ORA's proposed schedule.

Respectfully submitted,

/s/ KERRIANN SHEPPARD

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